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August 9, 1994

William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Billed Party Preference for 0+ InterLATA Calls, CC Docket No. 92-77

Dear Mr. Caton:

It has come to our attention that Bell Atlantic's comments, filed August 1, 1994 in the above reference proceeding, are not in the Commission's files. A search carried out today by our staff has confirmed this. Attached is the file stamped copy of our pleading in this matter, and nine copies for distribution. Please associate it with the docket. Thank you for your assistance.

Please do not hestitate to contact me if you have any questions.

Very truly yours,

Jaynemarie Lentlie

Jaynemarie Lentlie

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Billed Party Preference for 0+ InterLATA Calls	)	CC Docket No. 92-77
	)	

COMMENTS OF BELL ATLANTIC

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Dated: August 1, 1994

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Summary

Billed party preference would cost carriers well in excess of one billion dollars. Although consumers would ultimately pay this bill, they will get little of value in return.

Some of the problems that billed party preference could have solved when it was first debated in the 1980's have now largely been addressed. Consumers are less likely to be surprised by receiving a bill from a carrier they have never heard of because of the branding requirement. The unblocking of access code dialing from aggregator phones has caused the interexchange carriers to educate their customers on how to reach them, and consumers have responded favorably.

The Commission has found that there is less price-gouging now in the operator service industry. To the extent that this is still a problem, the Commission should simply require that presubscribed carriers from aggregator locations charge no more than the rate (or a set percentage over the rate) of the dominant carrier.

The costs of billed party preference now far outweigh the consumer benefits of the service, and billed party preference is clearly no longer in the public interest.

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COMMENTS OF BELL ATLANTIC

The Further Notice identifies two primary public benefits of billed party preference to offset the more than $1 billion that billed party preference would cost. One of these benefits, however, can be achieved at no cost whatever to the public, simply by adding a single sentence to the Commission's Rules. The other benefit is theoretical at best, and the history of the interexchange marketplace demonstrates that it would never be realized. For these reasons, the Bell Atlantic telephone companies[1] urge the Commission to find that billed party preference is not in the public interest.

1. The Costs of Billed Party Preference Far Outweigh Any Possible Benefits of the Service.

Billed party preference has been an issue in legal and regulatory proceedings since 1984, first at the Department of Justice, then in two proceedings before the decree court, and in two dockets here. Much has changed in these ten years, in the laws and rules relating to the interLATA marketplace and, more important, in that marketplace itself. These ten years have also

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[1] The Bell Atlantic telephone companies serving New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia and the District of Columbia.

seen a change in people's views on billed party preference -- for example, the interexchange carrier which is its biggest proponent today spent five years arguing that the service violated the decree.

Bell Atlantic believes that at this point the Commission must step back from the ten years of debate and look at billed party preference in the context of the marketplace of today -- and the marketplace of the next ten years. While billed party preference still looks like an attractive pro-consumer service, Bell Atlantic believes that today's consumers and the marketplace of the future simply do not need billed party preference at the price it will cost. To borrow a phrase from Commissioner Quello, billed party preference is "an idea whose time has come -- and gone."[2]

Billed Party Preference -- the Supposed Benefits

Elimination of price-gouging. The primary direct economic benefit that the Commission believes billed party preference would provide consumers is that it would reduce the problem of operator services providers' over-charges. Because the consumer would automatically get his or her preferred carrier, rather than a carrier chosen by an aggregator based on the amount of money the carrier was willing to pay the aggregator, the price-gouging that has characterized this segment

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[2] Further Notice, Separate Statement of Commissioner James H. Quello, at 1.

of the interexchange carrier industry would be brought to an end, saving consumers $280 million every year.[3]

There is a much simpler, and cheaper, way to achieve this same result. All the Commission need do is to add to its regulations the requirement that no carrier handling interLATA calls on a presubscribed basis from an aggregator location may charge rates higher than the highest tariffed rate of the dominant interexchange carrier (or no higher than a Commissioned-established percentage above such rates). This rule could go into effect immediately, without waiting the three or more years it would take the industry to implement billed party preference. It would achieve the same type of savings as billed party preference, ***and the public would begin to receive these benefits now, without delay.***[4]

In addition, it appears that the Commission's $280 million estimated savings is based on data from 1992 and is significantly overstated. First, there may simply be less price-gouging now than there was then -- as the Commission told Congress, "virtually all of the OSPs whose rates the Bureau found appeared unjust and unreasonable have reduced their rates

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[3] Further Notice at ¶ 11.

[4] Bell Atlantic and other exchange carriers proposed such a requirement when they implemented presubscription of their payphones in 1989. At that time, the Bureau rejected it because it felt it was not an appropriate carrier-imposed restriction. ***Pay Telephone Presubscription***, 4 FCC Rcd 2782, 2789-90 (Com. Car. Bur. 1989). This same objection would not apply to a Commission Rule.

substantially."[5] Second, because of the reforms introduced by TOCSIA and the Commission's rules, consumers have become accustomed to dialing access codes to reach their regular carriers, reducing the number of calls handled by the aggregator-selected carrier (and the amount of over-charging) from its 1992 level.

Commission payments saved. The Commission's analysis theorizes that if interexchange carriers did not have to pay commissions to aggregators they would pass the savings on to consumers in the form of lower rates, to the tune of $340 million per year.[6] Real life experience proves that this will not happen.

As Bell Atlantic has demonstrated in other proceedings before the Commission,[7] as exchange carriers have reduced the access charge rates, the interexchange carriers have not flowed all those savings through to consumers. AT&T alone has kept more than $2 billion of these access charge reductions that could have

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[5] Final Report of the FCC Pursuant to Telephone Operator Consumer Services Improvement Act of 1990, dated November 13, 1992, at 11.

In addition, it appears that the Commission's assumption of a 19 cent price differential was based on the rates charged by only six out of 225 OSPs. Further Notice at 8 n.22.

[6] Further Notice at ¶ 12.

[7] *See, e.g.*, Comments of Bell Atlantic at 29-30, *Price Cap Performance Review for Local Exchange Carriers*, CC 94-1 (filed May 9, 1994) (and sources cited therein).

gone to consumers.[8] In fact, in spite of lowered access costs, a recent report from the Commission shows that interstate toll rates increased by more than 9 percent in the twelve months ending in March of this year[9] -- more than three times the rate of inflation. There is no reason to believe that these carriers would be any more generous with the commission payments they might save.

In fact, there is every reason to think that the interexchange carriers will simply take this $340 million expense and re-direct it into other marketing efforts.[10] Operator-assisted calls are a significant, and presumably profitable, part of the interexchange carriers' business. These carriers will not want to lose their existing operator revenues -- they will want to increase them. To do that, they will spend millions to try to get consumers to choose them for their operator-assisted calls.

The Commission's analysis makes another assumption that is without basis in the record and is counter-intuitive. The Commission assumes that if interexchange carriers suddenly stop paying commissions to hotels, hospitals, convenience stores and

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[8] National Economic Research Associates, ***Effects of Competitive Entry in the U.S. Interstate Toll Markets: An Update*** (May 27, 1992).

[9] Federal Communications Commission, Industry Analysis Division, ***Trends in Telephone Service*** (May 1994).

[10] For example, the big three interexchange carriers now spend tens of millions of dollars every year on media advertising. One would expect the OSPs, which have used commissions to target their marketing efforts at aggregators, to begin to advertise to get their messages to the general public.

other aggregators, the aggregators will swallow these losses and not try to recoup them from consumers in some other way. Logic, however, leads one to the opposite conclusion -- if aggregators have become accustomed to these additional revenues, they will obtain them through other charges. For example, instead of receiving a commission from the carrier for each long distance call, the aggregator could simply add its own surcharge to the price for the call.[11]

To the extent that aggregators do not try to recoup lost commission revenues from other sources, they may well reduce the services they offer consumers, as commentors have indicated.[12] Alternatively, they might begin to charge consumers for services that are now "free," like voice mail and automated wake-up calls in hotels.

Therefore, even if the interexchange carriers did reduce their rates to the public for the commissions they no longer must pay, logic and economics suggest that the former recipients of those payments would have to respond to the loss. Whatever course the aggregators choose -- increasing their telephone surcharges, reducing services or charging for what is now free -- it is clear that the public will be no better off than it is today.

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[11] The Commission's report of a year-old article about Hilton Hotels (Further Notice at 10 n.26) does not indicate whether Hilton has increased any other telephone-related charges.

[12] *E.g.,* American Ass'n of Airport Executives at 2-3; MMI Hotel Group at 1.

Regulatory benefits. The Commission incorrectly predicts that billed party preference would lower regulatory costs by reducing the number of complaints it and other agencies receive about interexchange carrier overcharges.[13] Bell Atlantic believes that billed party preference would simply change the type of complaint, not reduce their number.

Complaints about overcharges will be replaced by complaints about unauthorized carrier changes, or "slamming." This would be especially true during any billed party preference balloting or other selection process, when carriers marketing efforts would be at their height. In the past eleven months, Bell Atlantic received more than 112,000 complaints from customers that their presubscribed carrier had been changed without their consent. In fact, the slamming problem has become so great in the payphone marketplace that Bell Atlantic now routinely calls all customers for whom it receives a change order to confirm that they really do want to change carriers. Billed party preference will simply cause this problem to migrate from the payphone arena to residence and business customers.

Elimination of access code dialing. The Commission is correct that billed party preference would eliminate the need for consumers to use access codes to reach their preferred 0+ carrier. All other things being equal, callers would, of course, prefer to dial as few digits as possible. However, the

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13 Further Notice at ¶ 16.

marketplace has changed in the past five years, and consumers no longer view having to dial such codes as a particular burden.

When the Commission first began considering billed party preference in 1989, many, if not most, aggregators blocked the use of access codes from their telephones.[14] Callers, therefore, did not regularly use them. TOCSIA and the Commission's own decisions have changed that, and interexchange carriers began to promote access code dialing and educate their customers about it.

This has caused an explosion in access code dialing. The Notice estimates that about one-third of operator-assisted calls were made with access codes in 1991.[15] Bell Atlantic recently made a study of the volume of dial-around calls from those of its payphones that could measure these calls.[16] More than 55 percent of the operator-assisted calls from those payphones were placed in that way. Customers who care about what

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[14] Further Notice at ¶ 3; Notice of Proposed Rulemaking, 7 FCC Rcd 3027 at ¶ 6 (1992).

[15] Further Notice at ¶ 10.

[16] These "smart sets" are generally located in locations with higher than average operator-assisted calling volumes.

carrier they use clearly do not find it too inconvenient to dial the extra digits.[17]

This is not just Bell Atlantic's opinion -- MCI, one of the most vocal proponents of billed party preference, agrees. MCI's CEO recently described its 800-COLLECT service as its "fastest-growing product ever." According to Mr. Roberts, MCI has used this access-code-based service to overcome AT&T's "huge advantage in the marketplace with zero-plus dialing."[18]

These 800 services are also taking business away from Bell Atlantic's own toll services, in spite of the fact that customers can reach Bell Atlantic's services without having to dial any access code. To try to win back some of the business Bell Atlantic has lost, we will be promoting the ease of 0+ dialing through an advertising campaign.

The Commission is correct to note that expansion of today's 10XXX code to seven digits would make its use more cumbersome.[19] However, most access code calling today (84 percent in Bell Atlantic territory) is based on 800 numbers

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[17] Other Bell Atlantic data also reflect this change. A 1992 customer study showed that not having to use an access code was only the fourth most important feature for a telephone calling card, with discounts being the most important to consumers. FCB/LGK Research Dep't, Calling Card Segmentation Study Phase II (Feb. 1992). A study completed in June of this year shows that 59 percent of Bell Atlantic calling card customers have placed calls using access codes. Response Analysis Corp., Bell Atlantic IQ Cardless Card Study, Table 27.

[18] "MCI Cites Nextel's Role in Local Competition Plans," TELECOMMUNICATIONS REPORTS, May 10, 1994, at 16.

[19] Further Notice at ¶ 10.

(*e.g.,* 800-COLLECT), which are easy to remember.[20] There is no reason to think that 800-based dial-around traffic volumes will decrease as a result of 10XXX code expansion or billed party preference.

If the Commission believes it is difficult for consumers to remember their preferred carrier's code, Bell Atlantic would be willing to provide this information through its directory assistance or call completion operators.

Flaws in the Commission's benefit calculations. Bell Atlantic believes that the Commission's analysis of the public benefits of billed party preference disregards several important facts, all of which suggest that the benefits are not as great as the Commission supposes.

First, the calculations in the Notice are based on an assumption that 0+ call volumes will grow at a rate of 4.3 percent per year, the historical growth rate before 1992.[21] Bell Atlantic believes that the 0+ marketplace is not likely to grow as rapidly in the next few years, and there might even be fewer 0+ calls in the future than there are today. In fact, Bell Atlantic's own operator-assisted call volumes grew at double-digit rates in the late 1980's, but have actually decreased since 1990. If the Commission has overestimated the number of 0+

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[20] Use of these access codes often gives the customer a discount, and a recent study shows that 92 percent of consumers are willing to dial access codes if they could receive substantial discounts. Intersearch Corp., ***Overview on the Vulnerability Research*** at 40 (March 29, 1994).

[21] Further Notice at 9 n.24.

calls, its projected benefit for billed party preference would be similarly overstated.

One factor is the growth of telephone debit cards, that replace 0+ dialing with 1+. More important is the impending explosion of personal communications services. Today a customer uses a payphone or other aggregator telephone to place an interLATA call and bills it to her calling card. Tomorrow, she will use her PCS handset on the street or in a hotel, and the call will be carried by her presubscribed carrier at the carrier's regular rates.

Second, the analysis correctly adjusts for the compensation that interexchange carriers pay to private payphone operators for interstate dial-around calls, but apparently assumes that those carriers will not have to pay any compensation for intrastate calls.[22] If one assumes intrastate compensation at the same rate as interstate, the savings achieved by billed party preference is decreased by 12 percent, from $340 to $298 million.

Billed Party Preference -- The Real Costs

Not only are the benefits of billed party preference significantly less than the Commission believes, its costs are substantially more.

Bell Atlantic's cost to provide the service. Bell Atlantic has reviewed the data it submitted to the Commission in 1992 and has asked suppliers to update the information they

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[22] Further Notice at 10 n.25.

supplied. This indicates that the non-recurring cost for Bell Atlantic to implement billed party preference is expected to be $135 million in the first year, with an additional $9 million every year thereafter.

The Commission suggests that not all of the cost for OSS7 should be attributed to billed party preference because that capability could be used to support other services.[23] What Bell Atlantic told the Commission before remains true today -- it can still foresee no use for OSS7 other than for billed party preference.

Flaws in the Commission's cost calculation. It also appears that there are a number of flaws in the Commission's analysis of the costs of billed party preference. When those errors are corrected, the costs increase.

First, it appears that the Commission's cost compilation in Appendix C does not include costs for a number of the large non-Bell companies, such as SNET, CBT, Rochester and United. At least as important, it does not include the costs that the non-equal access exchange carriers would have to incur to provide billed party preference. Because these carriers do not have the basic equal access capabilities in place today, Bell

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[23] Further Notice at ¶¶ 22-23.

Atlantic expects that it would cost them considerably more on a per office basis to implement billed party preference.[24]

Second, the Commission's analysis excludes the additional exchange carrier operator handling costs, both recurring and non-recurring. It does so based on the assumption that whatever extra costs the exchange carriers have will be offset exactly by interexchange carrier savings.[25] There is nothing in the record to support such speculation, and on its face it would appear to be wrong.[26]

Even if one believed that there would be a dollar-for-dollar offset, these figures should still be included in the calculus. There is no reason to expect the interexchange carriers to pass all their operator-related savings on to consumers, just as there is no reason to expect them to give back all their saved commission payments.

AT&T's Market Dominance

The Notice suggests that billed party preference might be a way to end the advantages AT&T has in the operator services marketplace.[27] This notion is misguided.

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[24] Alternatively, these carriers could try to use the facilities of other exchange carriers to provide billed party preference for them. This would clearly increase those other carriers' billed party preference costs.

[25] Further Notice at ¶ 25.

[26] For example, exchange carrier operators are typically experienced, union-represented employees, who are paid more and have better benefits than the operators in the OSP industry.

[27] Further Notice at ¶ 14.

First, there is little reason to suspect that billed party preference would have a significant effect on AT&T's market share. AT&T still is the dominant interexchange carrier in the 1+ marketplace, with approximately 72 percent of the presubscribed lines nationwide.[28] Unless consumers opt in great numbers for having different 1+ and 0+ carriers -- and there is no particular reason to believe that they will -- billed party preference would give AT&T about that same share of the 0+ business.[29]

Second, it makes no sense for the carriers to spend -- and consumers to pay -- enormous sums of money to correct whatever imbalance exists in the 0+ marketplace. One of the benefits of competition is supposed to be lower prices. It will take an awful lot of new competition to make up the cost of billed party preference.

Third, billed party preference is not necessary to stimulate competition with AT&T. As discussed above, MCI's 800-COLLECT service -- a service based on access code dialing -- is the fastest growing service MCI has ever had. According to MCI's CEO, this service has allowed MCI to overcome the advantage AT&T has in the operator service marketplace. There is no reason for

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[28] Federal Communications Commission, ***Long Distance Market Shares: Fourth Quarter, 1993*** at 3 (April 15, 1994).

[29] If the Commission believes that many consumers will choose different carriers, this could actually ***increase*** AT&T's share, if more consumers who did used other carriers for 1+ chose AT&T for 0+ than the reverse.

the industry to spend billions of dollars to remedy a problem that can be solved by 800-COLLECT.

Finally the best way to increase competition in this business is to take steps to let new competitors in. Bell Atlantic and the other Bell companies are experienced providers of operator services, who should be able to offer high quality, reasonably priced services to the public. The Commission should begin the proceeding requested by Bell Atlantic and others a year ago to establish rules for entry by the Bell companies into the interLATA business.[30]

2. There Are Less Expensive Alternatives.

As shown above, the Commission can achieve most of the economic benefits of billed party preference by prescribing a rate cap for presubscribed calls from aggregator locations.

There are other steps the Commission can take to improve the conditions at which billed party preference is directed:

- The Commission could require all interLATA operator service providers to fund a Commission-sponsored educational program designed to inform consumers about this marketplace and how they can reach the carrier of their choice.

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[30] *Petition For Rulemaking To Determine The Terms And Conditions Under Which Tier 1 LECs Should Be Permitted To Provide InterLATA Telecommunications Services*, R.M. 8303 (filed July 15, 1993)

- The Commission should consider requiring all interexchange carriers to pay an established fee to payphone providers and other aggregators for all interLATA calls placed from their phones. From the aggregators' perspective, this would take the place of the commissions they now receive. If all OSPs pay the same Commission-established fee, OSPs would not pay presubscription commissions. This would simply be an extension of the current system in which carriers compensate some aggregators for calls dialed around the presubscribed carrier.
- The Commission should require all OSPs to transfer callers to their requested OSP.

3. <u>Other Billed Party Preference Issues</u>

<u>Private payphone compensation</u>. The Notice seems to contemplate that private payphone providers will receive additional compensation from interexchange carriers under billed party preference.[31] If these providers are to receive payments from interexchange carriers, those carriers should pay all aggregators comparably. If one set of providers is given special financing from the carriers that is not available to its competitors, the Commission will be giving those providers a competitive advantage. It was just such a competitive imbalance

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[31] Further Notice at 41.

that the Commission recognized in its original Notice that mandatory billed party preference would eliminate.[32]

Inmate services. It would be foolish to extend billed party preference to inmate services. Historically, inmate calls have been restricted to a single interexchange carrier because of the extraordinary opportunity for fraud that multiple carriers would introduce. It was for this reason that the Commission made an exception to its rule requiring the unblocking of access codes.[33] The same sound logic should apply to billed party preference.[34]

There are no technical advances that solve the problem that occurs when inmates have access to multiple networks and operators, and, contrary to the Commission's apparent belief,[35] billed party preference does not increase in any way the exchange carrier's ability to prevent fraud. Moreover, the elimination of commission payments will eliminate one of the sources of funds used by prisons to pay for existing fraud protection

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[32] Notice of Proposed Rulemaking, 7 FCC Rcd 3027 at ¶ 19.

[33] *Policies and Rules Concerning Operator Service Providers*, 6 FCC Rcd 2744 at ¶ 15 (1991).

[34] Further Notice at ¶ 42.

[35] *Id.* at ¶ 51.

capabilities.[36] Extending billed party preference to these locations would only make an already bad situation worse.

Cost recovery. Any costs incurred to implement billed party preference would be exogenous costs under the Commission's Rules, as they would be "costs triggered by administrative, legislative, or judicial action beyond the control of the carrier."[37]

On the surface, it might seem logical for the Commission to establish a billed party preference rate element, which would be applied to the 0+ calls on which an exchange carrier employed billed party preference to identify an interexchange carrier. However, this rate structure would encourage the interexchange carriers to instruct their customers to use access codes to dial around the billed party preference system. This would further reduce the public benefit of billed party preference and increase the per call cost of the service.

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[36] ***E.g.,*** Mendocino Correctional Facility at 1 (July 5, 1994).

Interexchange carriers will be less likely to invest in specialized inmate-fraud-prevention equipment of their own without the call volume guarantee that presubscription gives them. ***E.g.,*** Monmouth County Correctional Institution at 1 (July 8, 1994).

[37] ***Policy and Rules Concerning Rates for Dominant Carriers***, 5 FCC Rcd 6786 at ¶ 166 (1990); ***Southwestern Bell Telephone Co. v. FCC***, Nos. 93-1168, et al. (D.C. Cir. July 12, 1994).

Under the access reform proposal now before the Commission, billed party preference costs should be recovered through the proposed "public policy" basket. ***Reform of the Interstate Access Charge Rules***, Petition for Rulemaking, at 27-29 (Sept. 17, 1993).

The Commission should, instead, establish a system that allows exchange carriers to recover their billed party preference costs from operator service providers without regard to what digits their customers dialed to reach them. This charge could be a rate based on all collect, calling card and third-number-billed calls, whether placed on a 0+ basis or dialed with an access code.

Another approach should also be considered. Instead of each exchange carrier having to measure how many calls of different types go to each OSP, the Commission establish a cost recovery scheme in which each OSP pays its fair share of the total industry-wide billed party preference costs. Under this approach, each OSP would pay for a share of each exchange carrier's billed party preference costs in proportion to the OSP's revenues from operator-assisted calls.[38] This plan wold be similar to the existing compensation plan for dial-around calls from private payphones.

If the Commission is going to require exchange carriers to shell out hundreds of millions of dollars to deploy billed party preference, it must at the same time ensure that it creates a mechanism that allows them to recover those costs and does not encourage bypass of the system. It would be irresponsible of the Commission to mandate billed party preference now and defer

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[38] There is no way to measure the number of calls dialed around a billed party preference system via 800 that go to individual OSPs. For this reason, a per-call compensation plan is not practical.

questions of cost recovery to a later rulemaking or, worse yet, to a tariff proceeding.

Selection of 0+ carriers. Bell Atlantic continues to believe that few consumers will want a 0+ carrier that is different from its 1+ provider. Customers are telling Bell Atlantic that they want the convenience of "one stop shopping" and do not need different providers for little pieces of their business.

In addition to providing little public benefit, requiring separate 0+ presubscription would be costly and confuse consumers. Bell Atlantic estimates that the cost for it to ballot its customers and to establish two separate presubscription choices per subscriber line would be $18 million.[39]

More important, most consumers would be utterly baffled by any 0+ carrier selection process. Almost two-thirds of Bell Atlantic's customers do not have calling cards, and many of those that do never use them. Millions of customers never make any 0+ interLATA calls at all. Billed party preference, with all its ins and outs, will not be an easy thing to explain. The

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[39] This includes not only the cost of preparing, mailing and processing customer ballots, but also responding to the tens of thousands of questions that the ballots would produce. This cost should not be underestimated -- Bell Atlantic received over 55,000 calls from customers in response to the second BNA bill imprint notification ordered by the Commission. One would expect "a separate mailing or a prominent bill insert" (Futher Notice at ¶ 66) concerning choosing an interexchange carrier to prompt many more questions.

confusion that would inevitably result would increase the "slamming" complaints and the number of unhappy consumers.

<u>Proliferation of line-number calling cards in LIDB</u>. The Commission asks for comment on a proposal that would allow all carriers to issue line-number based calling cards and to store those card numbers and PINs in the exchange carriers LIDB.[40] Under this proposal, multiple carriers could issue line-number cards (and assign PINs) to the same customer, and the billed party preference system could recognize all those cards could and route calls accordingly.

As Bell Atlantic previously explained,[41] the coordination that would be necessary among exchange and interexchange carriers to make such a system work would add to the cost of operating a billed party preference system. In addition, it would cost an estimated $3.8 million for Bell Atlantic to modify its systems to allow for the necessary fourteen-digit screening of card numbers. In addition, having multiple PINs for a given line number would make "hacker" toll fraud substantially easier.

There is also no reason to believe that consumers want multiple calling cards, especially if they knew that the system that permitted the extra cards increased the chances of fraud.

The Notice suggests that exchange carriers have some advantage in the calling card business by issuing line-number

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40 Further Notice at ¶ 70.

41 Comments of Bell Atlantic at 9-10.